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S E C R E T SECTION 01 OF 04 DHAKA 000078

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TAGS: [PREL](#) [PGOV](#) [EAID](#) [PTER](#) [PINR](#) [PINS](#) [KDEM](#) [BG](#)
SUBJECT: PRIME MINISTER LOOKS FOR CLOSE PARTNERSHIP WITH
U.S. AS NEW GOVERNMENT TAKES OFFICE

REF: DHAKA 70

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b) and (d)

Summary
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¶1. (C) As she completes her second week in office, Prime Minister Sheikh Hasina is focused on assembling her team, preparing for the opening of Parliament, and beginning to deliver on key elements of her ambitious election manifesto. Hasina understands the need to confront the regional terrorism threat and to improve Bangladesh's relations with its neighbors. The Prime Minister assured the Ambassador on January 18 she looks forward to working with the United States on strengthening democracy, increasing prosperity, and fighting terrorism. Hasina expressed interest in negotiating a Trade and Investment Framework Agreement and in hearing more about USG views on fighting terrorism. Comment: It is still very early days, but few predicted such a smooth start for Hasina's new government. End comment.

Transition in Washington
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¶2. (C) Prime Minister Sheikh Hasina opened her January 18 meeting with the Ambassador by expressing her appreciation for the congratulatory phone calls she had received from President Bush and Secretary Rice. Hasina said she looked forward to working with the Obama Administration and conveyed an invitation to the President-elect and Secretary of State-designate to visit Bangladesh. Sheikh Hasina recalled that Secretary-designate Clinton had written about her previous visit to Bangladesh in her autobiography. The Ambassador told Hasina that SCA Assistant Secretary Boucher would remain in his position for the time being. Hasina noted this would be "good for us," recalling her meetings with Boucher in Washington.

Pleased by Gaza Ceasefire
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¶3. (C) Sheikh Hasina expressed relief that Israel had voluntarily agreed to a ceasefire in Gaza. The Ambassador said the U.S. had actively supported Egyptian efforts to facilitate a ceasefire. The U.S. wanted to see an end to violence from both sides, and hoped the Israeli unilateral ceasefire would provide an opportunity for a durable solution. Hasina shared this sentiment, commenting that violence never solved anything.

South Asia Terrorism Task Force
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14. (C) Hasina recalled her proposal for a South Asian Joint Task Force against terrorism. Terming poverty our main enemy," Hasina said South Asia needed to use its resources for the betterment of her people. Hasina echoed her Foreign Minister's statement (reftel) that Bangladesh's foreign policy would be based on "friendship towards all, malice towards none." Hasina hoped for a South Asia in which terrorism was contained so that all could work together to improve the lives of the region's citizens. The Ambassador said friendly U.S. relations with all South Asian states, including India and Pakistan, could allow the USG to play a helpful role in fighting terrorism. The Ambassador said Bangladesh could also play a positive role in the region and beyond as a Muslim-majority nation returning to the path of democracy. The Ambassador assured the Prime Minister the U.S. wanted to see Bangladesh succeed.

Elections =====

15. (C) The Prime Minister thanked the USG for sending election observers and supporting the return of democracy. Recalling what she had said in her July 2008 meeting in Washington with the Ambassador and A/S Boucher, Hasina reiterated that people had to be given an opportunity to choose their leaders. As long as politicians knew they were accountable, they would behave correctly. Hasina decried violence committed by members of the Awami League student wing. She characterized some of those involved as newcomers to the party who were trying to take advantage of the AL victory. The Ambassador encouraged Bangladesh to look at

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best practices from the current elections to ensure that future polls were also free and fair. Hasina said the security that had allowed women, young people, and minorities to vote had been the main difference in this election. The Prime Minister praised the army for completing an exemplary photo voter list. The Ambassador welcomed the EC decision to deploy the Army in advance of Upazila (county) polls on January 22. As A/S Boucher had told her in October, it was important for all elections to be free, fair, credible -- and peaceful.

Anti-Corruption Drive to Continue =====

16. (C) Although she and her party had suffered unfairly, Hasina said, it was important for the anti-corruption drive to continue. She hoped that politicians would no longer dare be involved in corruption. In the past, politicians were only interested in making money and neglected the people. That would change now that the people had shown they would reject corrupt politicians. The Ambassador agreed, noting that the Siemens corruption case involving Prime Minister Zia's son illustrated U.S. determination to pursue the fruits of corruption. (Note: Hasina asked that the money recovered from the frozen bank accounts be returned to Bangladesh.) Hasina said she was pleased Canada was investigating the Niko corruption case, in which she had also been accused. The Prime Minister said she was innocent and wanted an investigation to clear her name.

Energy Policy in Hands of Old Team =====

17. (C) Hasina told the Ambassador energy policy would be a priority for her government. On January 15, Hasina appointed former Energy Secretary Tawfiq-e-Elahi Chowdhury as a Cabinet-rank advisor. She said Chowdhury, who had been Energy Secretary during her last tenure, would help oversee this sector. During her previous tenure, Hasina claimed, electricity production had increased from 1,600 to 4,300 Megawatts. She had called back the "old people" who had worked on energy issues during her last government and asked

them to update the energy policy. Hasina noted she had withdrawn the tax on solar panels to promote renewable energy. She outlined an ambitious agenda, including developing gas fields and power plants in Bhola (an island in southern Bangladesh). She hoped to develop other gas and power projects in Barisal and Khulna. Hasina outlined plans for a 210 mw power plant in Khulna and another 450 mw plant in the south. The GOB would also consider buying surplus power from Bhutan and India. Hasina said the latter would merely require connecting the Indian and Bangladeshi grids, adding that the GOB would begin to negotiate prices with India. The Prime Minister also thought there were possibilities for wind power and mini-hydro projects. For the latter, rivers would be dredged, which would also help reduce the impact of global warming. Hasina said coal development, small power plants, and refurbishing old plants were all under consideration.

New Team Settling In =====

18. (C) Hasina told the Ambassador she had decided against adopting a "100-day" plan--instead, she had simply gotten to work. Hasina planned to address the nation when she had some results to show for this work. She claimed inflation had already fallen to 6% down from double digits since her election. Hasina said Bangladesh currently had large food stocks, almost 1.3 million metric tons. She instructed the Food Minister to ensure adequate rotation of these stocks. Hasina admitted her Cabinet was full of new people, but said what they lacked in experience they made up for in enthusiasm. They would also learn quickly.

19. (C) As an example, Hasina pointed to her new Foreign Minister, Dr. Dipu Moni. The Prime Minister responded to critics who complained the Foreign Minister was too young by noting that President-Elect Obama was only two years senior to Moni. Hasina termed Moni a "brilliant student," with degrees from Johns Hopkins and Harvard. Hasina said she had known Moni's father since childhood, calling the former Awami League Dhaka City President "a real gentleman."

Parliament Gets Ready

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10. (C) Hasina acknowledged her people had high expectations for the new government and Parliament. The Ambassador congratulated Hasina for reaching out to the opposition, including by offering a deputy speaker position. Hasina said that if the Opposition proposed a "controversial person" as deputy speaker this would not be acceptable. Meanwhile, Hasina said she had already prepared a list of parliamentary committee members, with experienced Parliamentarians as chairs. Hasina said she had reserved places in the committees and some chairmanships for the opposition. She had also chosen the Chief Whip and Whips and would convey this to the President.

11. (C) Hasina said it was a priority to get the committees up and running, since they would be charged with examining the ordinances passed by the Caretaker Government (CTG). A committee of eminent lawyers led by the Law Minister had completed a preliminary review of the ordinances and had divided them among the different standing committees. The committee had also prioritized the ordinances and offered detailed comments. Hasina said there would be a special committee composed of all parties to rule on the constitutionality of the CTG's actions. Hasina admitted that lawyers were divided on whether the actions of the CTG after its initial 90-day period were constitutional. The all-party committee would decide this, in accordance with parliamentary rules.

Trade and Investment: Interest in TIFA

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¶12. (C) Hasina said she had great confidence in the people of Bangladesh. She wanted to see economic growth, noting a need to diversify exports. The Prime Minister mentioned pharmaceuticals, ceramics, and other industries as potential export earners. The Ambassador said Bangladesh seemed well positioned to weather the global financial and economic crisis. Hasina stressed the need to attract investment, noting that U.S. investment in Bangladesh had grown from virtually nothing in 1996 to over 1 billion USD by the time she left office in 2001. She cited the AES power projects in Haripur and Meghnaghat as success stories. The Ambassador expressed USG interest in negotiating a Trade and Investment Framework Agreement (TIFA). He explained we had tried to negotiate a TIFA earlier, but the deal fell apart over BNP objections to an anti-corruption clause. Negotiations had resumed, but not come to closure, under the CTG. Hasina instructed her staff to prepare a briefing on this issue, agreeing that a TIFA early in her government's tenure would send a strong signal of importance of bilateral trade and investment. (Note: The Ambassador will also raise the TIFA when he meets with the Commerce Minister.)

Counter Terrorism: Looking to Work with US
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¶13. (S) In a one-on-one at the end of the meeting, the Ambassador discussed U.S.-Bangladesh Counter Terrorism cooperation, noting improvements since the November Mumbai attacks. Hasina welcomed U.S. willingness to assist where useful, Bangladesh's CT cooperation with its South Asian neighbors. The Ambassador also stressed USG interest in helping Bangladesh improve border security. The Ambassador noted much could be done through modest additional training and equipment. Hasina expressed great interest in the 1207-funded Community Policing project, noting the problem of a politicized police force. The Ambassador discussed our efforts to instill human rights accountability in the RAB as a prerequisite for greater engagement. Hasina warmly welcomed this initiative.

¶14. (S) Hasina reacted positively to the Ambassador's suggestion she consider appointing a CT "czar;" she decried the extent of stove piping in the bureaucracy, particularly in the intelligence and security services. She was finding both the Army Chief and Director General of Forces Intelligence supportive and implied both would be allowed to finish their tenures. Hasina said Mooen would not become President after retiring as Army Chief. Hasina recalled steps the GOB had taken during her previous tenure to dismantle terrorist camps in Chittagong Hill Tracts. Her government had used similar tactics to address leftist groups along the western border. In both instances, the BNP

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government that ensued had changed course.

Comment
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¶15. (C) Few predicted that Hasina and her party would get off to such a good start following elections. Her strong mandate from the voters seems to have given her the confidence needed to assume the reins of power. Hasina is also benefiting from the groundwork laid by her party during its seven years out of power. Hasina continues to signal her desire for close relations with the U.S. We see opportunities across the bilateral relationship, from economic/commercial relations, to development policies, to counter terrorism cooperation. Negotiating a TIFA agreement in the short term would have great symbolic value. We also need to support Hasina's counter terrorism initiatives, including the South Asia task force. The investments the USG made over the past two years are beginning to pay off. We need to remain engaged in order to reap the dividends.

